



Workforce Housing Development Program

2021 RFP Information Session

Our Mission: The Core Purpose

Housing is the foundation for success, so we collaborate with individuals, communities, and partners to create, preserve, and finance housing that is affordable.

Presentation Outline

- Program Purpose
- Key Program Features
- Application Selection
- Responsibilities of Recipients
- Disbursement Process
- Application Timeline
- Workforce Housing Website and Other Resources
- Questions



Program Purpose



Key Program Features

Key Program Features

Eligible Applicants/Recipients

- Generally small to mid-sized communities in Greater Minnesota
 - A developer, business, or nonprofit entity cannot apply for and receive an award directly
- Applicants who receive an award will create an agreement with the developer to grant or loan the funds to the project

Key Program Features

Maximum Award Amount

- 25% of the total development costs of the project

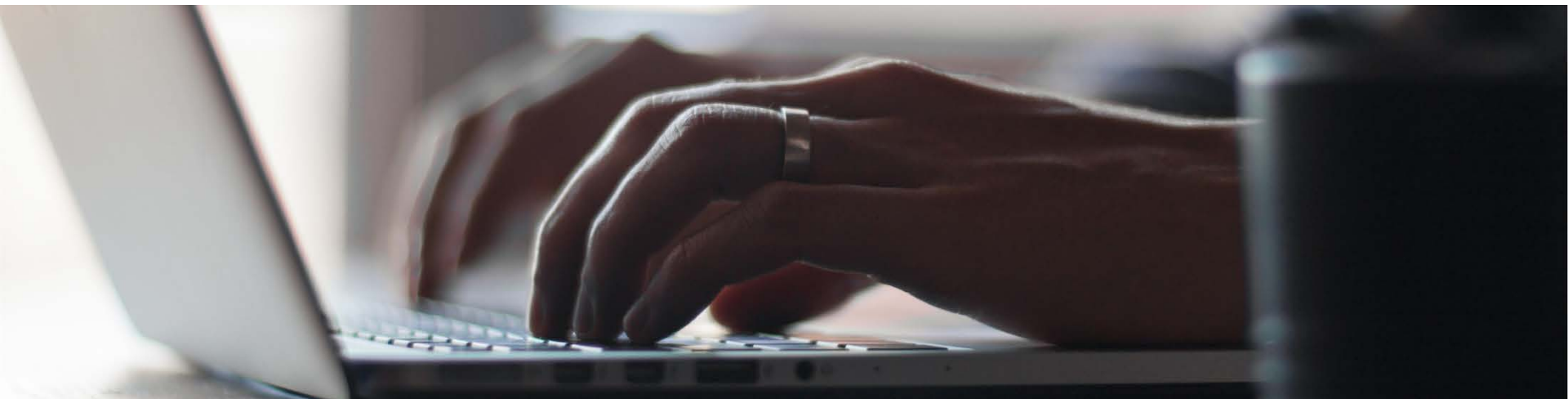
Construction Timeline

- Construction must begin within 12 months of signing the contract
- Construction completion must occur prior to the end of the contract term (three years)

Key Program Features

Commitment of Matching Funds

- Applicants must have a government resolution committing one dollar for every two dollars requested
- Matching funds can be monetary or in-kind donations (land donation, tax abatement, donation of materials, etc.)
- Funds can come from a local business, nonprofit, or unit of government
- Matching funds cannot come from the developer or an entity affiliated with the developer



Application Selection

Application Selection – Threshold Requirements

Applicants must demonstrate they meet six threshold requirements:

1. Be an eligible project area
2. Have a rental vacancy rate at or below 5% for at least the prior two-year period
3. Use funds toward qualified expenditures
4. Have a commitment of matching funds and community support
5. Have a letter of support from a local business
6. Maximum award does not exceed 25% of total development costs.

Application Selection – Threshold Requirements

1. Eligible Project Area

Any of the following constitutes an eligible project area:

- A home rule charter or statutory city located outside of the metropolitan area with a population exceeding 500
- A community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area
- An area served by a joint county-city economic development authority

NOTE: Eligible project areas with fewer than 30,000 people will be given preference.

Application Selection – Threshold Requirements

1. Eligible Project Area, continued –

If the project area is listed on Minnesota Housing's Eligible Home Rule Charter/Statutory City List, this requirement is met.

If the project area is not on the list, applicants must either:

- Provide a map of the project area and evidence that the community has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city; **OR**
- Provide documentation that the project area is served by a joint county-city economic development authority

Application Selection – Threshold Requirements

2. Rental Vacancy Rate

Applicants must certify that the average vacancy rate for rental housing located in the eligible project area, and in any other city located within 15 miles of the boundaries of the area, has been 5% or less for at least the prior two-year period.

Application Selection – Threshold Requirements

3. Qualified Expenditures

- Applicants must certify funds will be used for qualified expenditures.
- Qualified expenditures include:
 - Acquisition of property; construction of improvements; provisions of loans or subsidies, grants, interest rate subsidies; public infrastructure; and related financing costs

Application Selection – Threshold Requirements

4. Matching Funds

- Applicants must have a government resolution committing one dollar for every two dollars requested
- Matching funds cannot come from the developer/owner or an entity affiliated with the developer/owner

Application Selection – Threshold Requirements

5. Letter of Support

Applicants must provide a written statement from at least one or more businesses that employ a minimum of 20 full-time equivalent employees in aggregate. The business or businesses must be located in the eligible project area or within 25 miles of the area.

The letter must indicate:

- The lack of available rental housing has impeded their ability to recruit and hire employees
- The number of full-time equivalent employees
- The distance from the business to the eligible project area

Application Selection – Selection Criteria

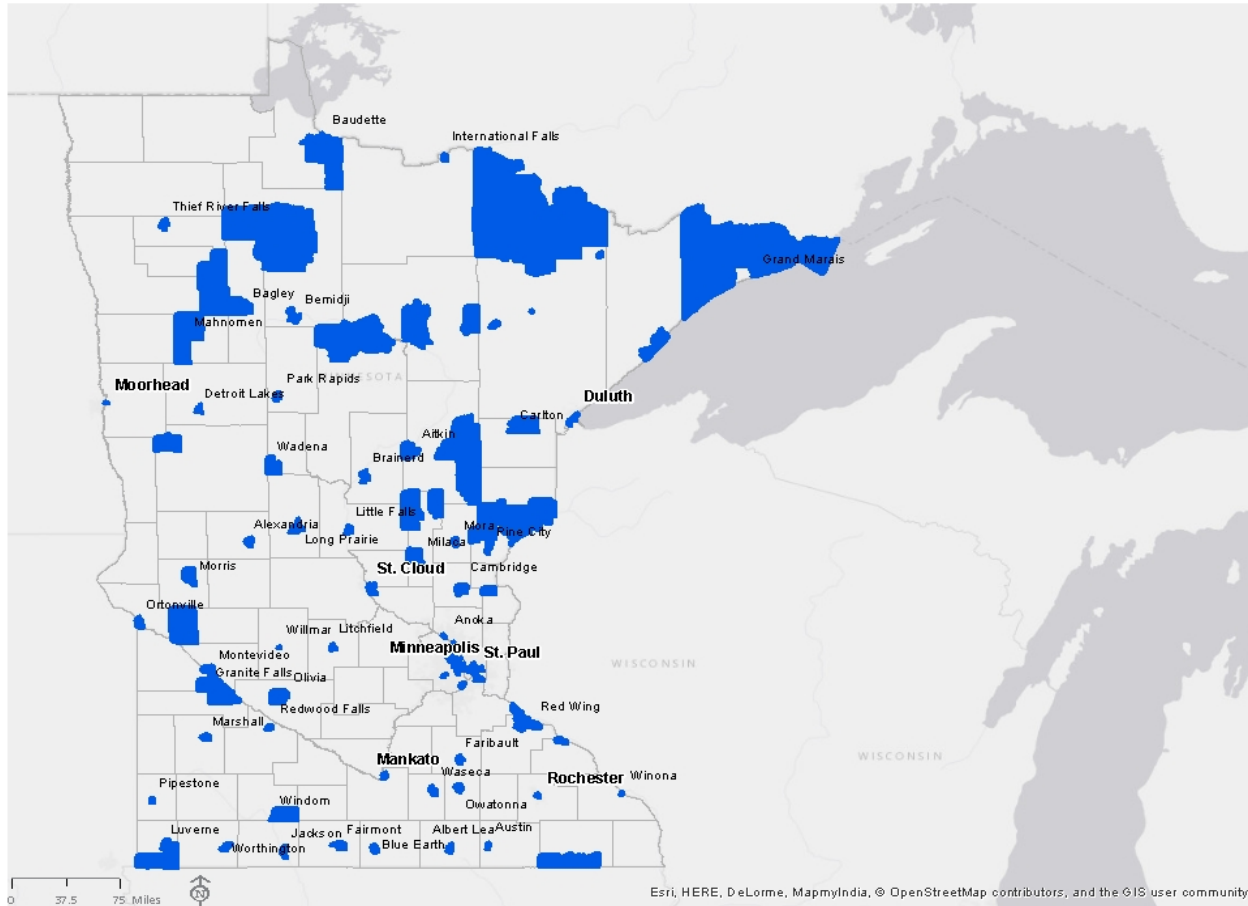
Applicants who meet threshold requirements will be scored on the following criteria:

- Readiness to Proceed (20 points available)
- Market Characteristics (15 points available)
- Leverage (25 points available)
- Community Size (15 points available)
- Location in an Opportunity Zone (3 points available)
- Geographic Preference (10 points available)

Opportunity Zones

- New community development program established by Congress to encourage long-term investment in low-income and urban communities.
- Opportunity Zones are census tract-based, which means some communities may only be partially represented within an Opportunity Zone.
- Allows investors to pool their resources in projects located in Opportunity Zones, which will be invested in rebuilding low-income communities.
- Investors receive a temporary tax deferral for capital gains invested in an Opportunity Fund or other benefits when capital gains are reinvested in an Opportunity Fund.
- Applicants with Opportunity Zones in their community are encouraged to apply and will receive additional points if eligible.
- Refer to DEED's website for more information related to eligible Opportunity Zone communities at www.mn.gov/deed.

Minnesota's 128 Census Tracts Designated as Opportunity Zones





Responsibilities of Recipients

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Construction Timeline

- Recipients are responsible for ensuring construction begins within 12 months of contract execution and that construction completion occurs prior to the end of the contract term

Disbursement Requests

- Recipients will submit all disbursement requests and due diligence items

Responsibilities of Recipients

Reporting

- Annual reporting will be required until construction completion has occurred

Monitoring

- Financial monitoring will occur, at a minimum, at project closeout

Records Retention

- Recipients will be responsible for maintaining their project file

Responsibilities of Recipients

Compliance to Local, State and Federal Laws

- Recipient is responsible for ensuring all parties comply with all local, state, and federal laws
- Includes Visitability under Minn. Stat. §462A.34

Contracting and Bidding

- Recipient is responsible for ensuring the developer follows all contracting and bidding requirements, including prevailing wage laws



Disbursement Process

Disbursement Process

Funds will be disbursed in three increments:

1. An initial disbursement upon contract execution (applicants will need to submit a commitment letter from the first mortgage lender that includes a loan closing date)
2. A second disbursement mid-construction
3. A final disbursement at construction completion

Recipients are responsible for satisfying all due diligence requirements prior to receiving a disbursement.



Application Timeline

Application Timeline

- Applications are due no later than 12 p.m. CT on Tuesday January 11, 2022
- Selection and funding recommendations will be presented to the Minnesota Housing board in April 2022



Workforce Housing Website and Other Resources

Application Information

The application and materials
can be found at

www.mnhousing.gov

(Multifamily Rental Partners > Workforce Housing Deferred
Loans and Grants)

Other Minnesota Housing Resources

First Mortgages – Low and Moderate Income Rental (LMIR)

- Available year round
 - Long-term, fixed rate, amortizing debt
 - Construction and permanent financing available
 - Rent/income restrictions apply

Contact Caryn Polito at caryn.polito@state.mn.us

Questions?

Sara Bunn

WorkforceHousingDevProg.MHFA@state.mn.us

sara.bunn@state.mn.us

651-296-9827